UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
08/976,159	11/21/1997	NEIL FREDERICK BRANDER	2656/2	1527

26646   7590   01/31/2003

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ART UNIT	PAPER NUMBER
3623	

DATE MAILED: 01/31/2003

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PTO-90C (Rev. 07-01)

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Paper No. 25

Application Number: 08/976,159
Filing Date: November 21, 1997
Appellant (s): BRANDER ET AL.

MAILED

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GROUP 3600

Michelle Carniaux (Reg. No. 36,098)
For Appellant

EXAMINER'S ANSWER

This is in response to Appellant's brief on appeal filed 07/09/2001.

(1)   Real Party in Interest

A statement identifying the real party in interest is contained in the brief.

(2)   Related Appeals and Interferences

A statement identifying the related appeals and interferences which will directly affect or

be directly affected by or have a bearing on the decision in the pending appeal is contained in the

brief.

(3)   Status of Claims

The statement of the status of the claims contained in the brief is correct.

(4)   Status of Amendments After Final

The appellants' statement of the status of amendments after final rejection contained in the brief is correct. No amendment after final has been filed.

(5)   Summary of Invention

The summary of invention contained in the brief is correct.

(6)   Issues

The appellants' statement of the issues in the brief is correct.

(7)   Grouping of Claims

Appellant's brief includes a statement that claims 1-9, 12-36 stand or fall together and provides reasons as set forth in 37 CFR 1.192(c)(7) and (c)(8).

(8)   Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9)   Prior Art of Record

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

The Depository Trust Company (DTC)

Hawkins U.S. Patent No. 5,497,317

Lupien et al U.S. Patent No. 6,098,051

(10)   Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

1.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or
>
> described as set forth in section 102 of this title, if the differences between the subject
>
> matter sought to be patented and the prior art are such that the subject matter as a whole
>
> would have been obvious at the time the invention was made to a person having ordinary
>
> skill in the art to which said subject matter pertains. Patentability shall not be negatived
>
> by the manner in which the invention was made.

2.   Claims 1-9, 12-13, 21-36 are rejected under 35 U.S.C. 103(a) as being unpatentable over

The Depository Trust Company (Herein referred to "DTC") in view of Hawkins et al. (US.

5,497,317).

As to claims 1, 9, 12-13, 21-22, 29, 31,34 and 36, DTC discloses:

a system for settlement of a securities trade by obtaining agreement as to the details of

the trade among a broker, institution, agent and interested parties comprising:

a.   A broker, institution, agent and interested parties to send and receive

communications (Page 3, lines 1-8).

b.   A standing instruction database containing sets of instructions for trade settlement

previously input by the institution, the broker and the agent (Page 3, lines 4-8).

c.   Standing instructions database (Page 3 , lines 4-6) which is configured to :

i.   Receive a communication from the broker containing notice of order execution

information (Page 3, lines 20-22).

ii.   Receive a communication from the institution containing institution allocation

institution information (Page 3, lines 22-26).

iii.   Match, the institution communication with the broker communication based on

information contained in both communications (Page 4, lines 14-16).

iv.   If there is a match, generate a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database (Page 20 , lines 5-10).

v.   Make available the confirmation as a communication to the institution, broker, agent and interested parties which facilitates the exchange of money and securities to settle the trade (Page 20, lines 9-11).

DTC discloses all of the limitations above, but fails to disclose a processing computer. Hawkins discloses a trading system using a computer system to include a software, and computer processor for exchanging of funds and securities according to confirmation information (column 4, lines 65-66; column 5, lines 1-5 and claims 1 and 2). It would have been obvious to a person of ordinary skill in the art at the time of the applicant's invention to combine the disclosure of the DTC report with Hawkins et al. One would have been motivated to use this combination because it would provide the capability to quickly and efficiently execute trading transactions.

As to claims 2, 23, and 32, DTC further discloses the where the broker communication and the institution communication each contain the data fields of:

an institution identification number, a broker identification number, a security identification number, a buy/sell code, a number of shares or face value, a settlement amount (Page 35 paragraph number 4).

As to claims 3 and 24, DTC further discloses a broker identification number for that communication and the institution communication comprises a data field to reference the identification number of the broker communication and the processing computer matches the broker communication and the institution communication on the basis of the broker identification number (see entire page 34).

As per claim 4, DTC further discloses wherein the information in the standing database contains record for the internal customer account numbers of the institution's accounts and the corresponding internal account numbers used by the broker for those accounts and a record to link those internal account numbers and if there is a match, the processing computer generates the confirmation by accessing the record that links the internal account numbers and the database on those account numbers. See pages 38 and 39.

As to claims 5 and 25, DTC further discloses an institution communication both contain a data field indicating a settlement amount for the trade, the institution communication additionally contains a tolerance data field which specifies a tolerance value by which a match based on settlement amount could vary and the processing computer matches the broker communication and the institution communication so long as the settlement amounts vary only by an amount within the tolerance (Page 36, last paragraph: Page 51, last 4 paragraphs).

As to claims 6 and 26, DTC further discloses a system in which the institution communication contains a data field which indicates that the institution is the affirming party for the trade and the processing computer generates a confirmation which contains this indication in a data field (Page 52, last two paragraphs).

As to claims 7, 8, 27, 28 and 32, DTC further discloses the processing computer being coupled to a match database into which the processing computer stores the broker and the institution communication and retrieves it before attempting to match the broker communication with the institution communication (page 12, paragraph 3).

As to claim 13, DTC discloses: a broker communication containing data within data fields designated by:

a.   An institution identification number, a broker identification number, a security identification number, a buy/sell code, a number of shares or face value, a settlement amount, trade date, and trade settlement date (Page 35 paragraph 4).

      b.   An institution communication containing data within data fields designated by:

An institution identification number, a broker identification number, a security identification number, a buy/sell code, a number of shares or face value, a settlement amount (Page 35 paragraph 4).

      c.   Compare (match), the institution communication with the broker communication based on information contained in both communications (Page 4 of 72, lines 14-16; Page 20, lines 5-10) if there is a match, generate a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database (Page 20, lines 5-10).

DTC fails to explicitly disclose a processing computer. However, Hawkins discloses the use of a computer system and a computer processor (col. 4, lines 65-66 and col. 5, lines 1-5). It would have been obvious to a person of ordinary skill in the art at the time of the applicant's invention to modify the disclosure of the DTC by including a computer processor as taught by Hawkins. In so doing would provide the capability to execute trade transactions faster and efficiently.

As to claim 30, DTC further discloses the claimed limitation "wherein the step of storing information in the standing database comprises the storing of records for internal customer account numbers of the institution's accounts and corresponding internal account numbers used by the broker for those accounts and a record to link those accounts and the step of generating a confirmation and comprises the further step of accessing the record that links the internal account records and accessing the internal account number records based on that link" by linking the broker account numbers to customer accounts. See page 18, paragraph 4.

As to claims 33 and 35, DTC discloses using the matched confirmation information to settle a trade agreement (Page 20 second paragraph# 2 and page 29 paragraphs 2 and 3).

Claims 18 is rejected under 35 U.S.C. 103(a) as being unpatentable over DTC in view of

Lupien as applied to claim 14 above and further in view of Hawkins et al (US Patent No.

5,497,317)

As per claim 18, DTC and Lupien discloses information data table and a

broker/institution link data table. But DTC and Lupien fails to explicitly disclose storing a set of

cross-references between the broker account number and the institution customer account

number. Hawkins et al discloses storing a cross-reference for a broker and institution customer

account. Note column 6, lines 9-35. It would have been obvious to a person of ordinary skill in

the art at the time the invention was made to modify DTC and Lupien to include storing a set of

cross-references as taught by Hawkins et al in order to correlate alert and trade settlement

messages among trade participants

(11)   **Response to Arguments**

Appellants assert the following in Issue A, Group I:

> It is respectfully submitted that the DTC reference and the
> Hawkins patent do not render any of claims 1-9, 12, 13, 21-36
> obvious, for at least the following reasons.
>   Claim 1 is directed to a system for settlement of a securities
> trade. The recited system includes a processing computer that
> receives a communication from a broker containing a notice of
> order execution information ("NOE"), receives a communication
> from an institution containing institution allocation information
> ("II"). This processing computer not only matches the
> communications, but also generates a trade confirmation (based on
> information in both communications, and from a standing
> instructions database) if there is a match. Claims 21 and 29 recite
> similar features (claim 29 is, however, a method claim). Claims 2-
> 8, 33 and 34 depend from claim 1. Claim 30 depends from claim
> 29.

Appellants further supported their assertion by arguing that:

The DTC reference, on the other hand, neither teaches nor suggests, and in fact teaches away from, matching of information in the NOE and the II. Rather, in the DTC reference, trade settlement instructions (i.e., trade input) is input after trade execution and during the trade settlement process. The system matches that trade input to the II. See The Depository Trust Company filing, page 20, lines 5-6. This system facilitates trade settlement only by reducing the number of steps related to the *traditional confirmation affirmation* process of the trade settlement. Such a trade settlement system can be referred to as "Matching I". ..

[A]cordingly, the DTC reference neither teaches nor suggests automatically matching received *notice of execution* information from a broker with *institution allocation instruction* information from an institution... [and] nowhere does DTC reference even suggest that this trade data is received in a communication containing a notice of order execution.

The examiner respectfully disagrees with Appellants' assertion because the Depository Trust Company (DTC) clearly teaches matching an institution instruction (communication) with a broker institution instructions (communication). Note page 19 paragraphs 1-4.

Appellants further assert that claim 1 recites the following:

... a standing instructions database containing sets of instructions for trade settlement input by the institution, the broker and the agent prior to the securities trade ....

The examiner notes that Depository Trust Company (DTC) teaches such standing instructions database for storing brokers and institution instructions trading information. Note Page 3 second paragraph.

Appellants further assert that:

Claims 21 and 29 recite similar features. In accordance with the present invention, Matching II, as recited in claims 1, 21 and 29 (and claims depending therefrom) allows parties to the trade (i.e., the broker, the institution and/or agent) to input sets of instructions for trade settlements into the standing instructions database (SID) at a time before the trade occurs. Building upon

such previous input of the trade settlement information by the parties, Matching II, as recited, upon a match of information in the NOE and II, generates a confirmation based upon that matched information and the trade settlement information. In particular, claims 1, 21 and 29 recite "if there is a match, generating a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database."

Thus, in Matching II, upon a trade execution, a notice of execution (NOE) is sent by the broker to the institution via the processing computer. Upon received of the NOE by the institution, the institution sends an institution allocation instruction (II) to the broker, again via the processing computer. At this point, the processing computer matching information contained in each communication (i.e., the NOE and the II) and, if there is a match, generates a confirmation based on the information contained in each of the two communications and, if necessary, the information previously stored in the SID by the parties to the trade (i.e., the instructions for the trade settlement). In this manner then, the parties to the trade can immediately effect an exchange of funds and securities (i.e., trade settlement) according to the delivery instructions set forth in the confirmation.

Appellants further supported their assertion by arguing that:

the DTC reference, on the other hand, neither teaches nor suggests, and in fact teaches away from, matching of information in the NOE and the II, input of the trade settlement instructions before trade execution, and the subsequent addition of that information to the confirmation.

The examiner respectfully disagrees with Appellants' assertion because DTC clearly teaches matching the information in the notice of order of execution and the institution instructions and input of the trade settlement instructions before the trade. Note page 19 paragraphs 1-3 ; page 50, lines 11-15.

Appellants further assert that:

The Hawkins patent does not cure the above-described deficiencies of the DTC reference, nor does the Examiner rely on the Hawkins patent for such.

The examiner notes that the Hawkins references was **not** used to cure the deficiency asserted by the Appellants. Instead, Hawkins was used in combination with DTC in order to quickly and efficiently execute trading transactions.

Appellants assert the following in Group II:

Claim 9 recites the following:

a processing computer configured to (I) receive a notice of order execution communication from the broker (a broker communication) containing data fields with information concerning an executed trade; (ii) receive a institution allocation instruction communication from the institution (an institution communication) containing data fields concerning the executed trade; where some of the data fields within the institution communication corresponds to data fields within the broker communication; and (iii) match the broker communication and the institution communication by matching data within a pre-selected set of the corresponding data fields in the broker and institution communications.

Claims 12 and 22 recite similar subject matter (although claim 22 is a method claim). Claims 23-28, 35 and 36 depend from claim 22.

In accordance with claim 9, a processor matches a "broker communication," i.e., a notice of order execution communication from a broker, and a "institution communication," i.e., a institution allocation instruction communication from an institution. With respect to this feature, the Examiner relies on the DTC reference.

Appellants further supported their assertion by arguing that:

nothing with the DTC reference even suggests such matching. The DTC reference describes, for example, matching institution instructions with trade data received from the broker-dealer. This trade data, however, does not include a notice of order execution. The Hawkins patent does not cure this deficiency.

The examiner respectfully disagrees with Appellants' position because DTC clearly

teaches matching the broker institution communication with the institution instructions (i.e.

matching fields settlement of broker's communication and the institution instructions including

Notification of Order Execution). Note paragraphs 1, 2 and 3 of entire page 19 and paragraphs

3-5 of page 54.

Appellants assert the following for Group III:

> Claim13 recites specific data fields of the broker
> communication and the institution communication. These data
> fields are fields from a *notice of executed order* and an *institution
> allocation instruction,* respectively. Similar to the discussion
> above in connection with claim 1, it is respectfully submitted that
> nothing within the DTC reference even suggests matching
> communications which contain these specific fields. As indicated
> above, the trade data in the DTC reference does not include, for
> example, fields from a notice of executed order.

Again, examiner respectfully disagrees with Appellants' position because DTC clearly

teaches matching the broker institution communication with the institution instructions (i.e.

matching fields settlement of broker's communication and the institution instructions, including

Notification of Order Execution). Note page 19 paragraphs 1- 4 and last paragraph of page 46.

Appellants assert the following in Issue B, Group IV:

> Claim 31 recites similar features as discussed above in
> connection with claim 1, except that claim 31 recites that the
> processing computer receives a *series of* communications from the
> broker containing notice *of* order execution information. Claim 32
> depends from claim 31. The series includes a last broker
> communication. At the processing computer an institution
> communication is matched with the last broker communication
> (from the series) based on information contained in both
> communications. Appellants further supported their assertion by

arguing that neither the DTC reference nor the Hawkins patent
even suggests this feature of claim 31.

Again, Examiner respectfully disagrees with Appellants' assertion and maintains that

DTC does teach a broker communication the details of execution via Notification of Order

Execution. (NOE) and receiving the institution instructions (communications). Note paragraphs

1-5 of page 19. Furthermore combining DTC and Hawkins would have been obvious to a person

having ordinary skill in the art in order to quickly and efficiently execute trade transactions.

Appellants assert the following in Issue B, Group I:

> [N]either the DTC reference nor the Lupien reference
> patent, alone or combined, renders obvious any *of* claims 14-17,
> and 19-20. It is respectfully submitted that there is no suggestion
> to combine the DTC reference with the Lupien patent. In
> particular, the DTC reference relates to trade *settlement*. In sharp
> contrast, the Lupien patent relates to matching buy *and sell orders*
> based on a satisfaction and quantity profile. A person *of* skill in the
> art, seeking to improve the system described in the DTC reference,
> would not look to a system that matches buy and sell orders. These
> two systems simply relate to different types of processes at
> different stages in the trade.
>
> Moreover, claim 14 recites similar subject matter to that
> discussed above in connection with claim 1. Claims 15-17, 19 and
> 20 depend from claim 14. Accordingly, arguments presented above
> in connection with claim 1 and the DTC reference apply also to
> claims 14-17, 19 and 20. The Lupien patent does not cure the noted
> deficiencies.

Since claim 14 recites similar subject matter to that discussed above in

connection to claim 1 in ISSUE A Group I above, the same arguments presented

above in connection with claim 1 and the DTC reference also apply to claims 14.

In response to Appellants' arguments that there is no suggestion to combine the DTC

reference and the Lupien reference (Page 9 of the Appeal Brief), the examiner recognizes that

references cannot be arbitrarily combined and that there must be some reason why one skilled in

the art would be motivated to make the proposed combination of primary and secondary

references. In re Nomiya, 184 USPQ 607 (CCPA 1975). However, there is no requirement that

a motivation to make the modification be expressly articulated. The test for combining

references is what the combination of disclosures taken as a whole would suggest to one of

ordinary skill in the art. In re McLaughlin, 70 USPQ 209 (CCPA 1971). References are

evaluated by what they suggest to one versed in the art, rather than by their specific disclosures.

In re Bozek, 163 USPQ 545 (CCPA) 1969.

Appellants assert the following in Issue C, Group I:

> Claim 18 stands rejected under 35 U.S.C. § 103 as being
> obvious over the DTC reference in view of the Lupien patent and
> in further view of the Hawkins patent.
> As an initial matter, claim 18 depends from claim 14. Thus,
> the arguments presented above in connection with claim 14 and the
> DTC reference and the Lupien patent apply equally to claim 18.
> The Hawkins patent does not cure the above-noted deficiencies of
> the DTC reference and the Lupien patent.
> In view of the foregoing, it is respectfully submitted that the
> DRC reference in view of the Lupien patent and in further view of
> the Hawkins patent does not render obvious claim 18. (Page 10 of
> the Appeal Brief).

Appellants referred to DRC on line 12 of page 10 of the Appeal Brief. It

appears that Appellants meant to type DTC. It is understood by the examiner that

DRC means DTC.

Again, examiner respectfully disagrees with Appellant's position. DTC and Lupien

disclose information data table and a broker/institution link data table. But DTC and Lupien fail

to explicitly disclose storing a set of cross-references between the broker account number and the

institution customer account number. Hawkins et al discloses storing a cross-reference for a

broker and institution customer account. Note column 6, lines 9-35. It would have been obvious

to a person of ordinary skill in the art at the time the invention was made to modify DTC and

Lupien to include storing a set of cross-references in the same conventional manner as taught by

Hawkins. A person having ordinary skill in the art would have been motivated to use such

modification in order to correlate alert and trade settlement messages among trade participants.

Examiner submits that all three references (DTC, Hawkins and Lupien) are sufficiently enabling

for their respective cited teachings and Appellants' arguments are non-persuasive.

For the above reasons, it is submitted that the rejections should be sustained sufficiently.

Respectfully submitted,

RJ

January 24, 2003

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